

No. 10/30/DPM

Jakarta, September 23, 2008

CIRCULAR LETTER

To

ALL COMMERCIAL BANKS AND BROKERS

Subject : Third Amendment to Bank Indonesia Circular Letter Number 7/1/DPM dated January 3, 2005, concerning Implementation of Fine Tune Operation Transactions in Open Market Operations

To enhance effectiveness of implementation of Fine Tune Operation transactions, it is deemed necessary to amend provisions in Bank Indonesia Circular Letter Number 7/1/DPM dated January 3, 2005, concerning Implementation of Fine Tune Operation Transactions in Open Market Operations as amended for the last time by Bank Indonesia Circular Letter Number 10/23/DPM dated July 14, 2008, as follows.

Provisions in chapter II letter A point 3 shall be amended to read as follows.

II. GENERAL MECHANISM OF FTO TRANSACTIONS

A. FTO Transaction Mechanism

1. Bank Indonesia shall conduct FTO transactions at any time as necessary under auction mechanism through the BI-SSSS.
2. The mechanism of FTO transaction auction shall be conducted by the following method.
 - a. Fixed Rate

Bank Indonesia shall determine discount rate or interest rate (Repo rate) of FTO transactions.

b. Variable ...

b. Variable Rate

Banks and/or Brokers shall put in bids for quantity and discount rate or interest rate (Repo rate) of FTO transactions.

3. The FTO transaction shall hold a tenor of 1 (one) day up to 3 (three) months which is stated in calendar day/s. If the FTO transaction maturity date is a holiday, the transaction maturity date shall be the following business day.

Provisions in this Circular Letter shall come into force as of September 23, 2008.

For the public to be informed, it is ordered that this Bank Indonesia Circular Letter be promulgated in the Official Government Gazette of the Republic of Indonesia.

Please be informed accordingly.

BANK INDONESIA,

EDDY SULAEMAN YUSUF
DIRECTOR OF MONETARY MANAGEMENT

DPM